



6450-01-P

## **DEPARTMENT OF ENERGY**

### **Southwestern Power Administration**

#### **Sam Rayburn Dam Rate**

**AGENCY:** Southwestern Power Administration, DOE.

**ACTION:** Notice of Rate Order

**SUMMARY:** The U.S. Department of Energy Deputy Secretary has approved and placed into effect on an interim basis Rate Order No. SWPA-67, which increases the power rate for the Sam Rayburn Dam (Rayburn) project pursuant to the Rayburn rate schedule (SRD-13) to supersede the existing rate schedule.

**DATES:** The effective period for the rate schedule specified in Rate Order No. SWPA-67 is October 1, 2013, through September 30, 2017.

**FOR FURTHER INFORMATION CONTACT:** Mr. James K. McDonald, Vice President for Corporate Operations/Chief Operating Officer, Southwestern Power Administration, U.S. Department of Energy, One West Third Street, Tulsa, Oklahoma 74103, (918) 595-6690 (office), (918) 595-6656 (fax), [jim.mcdonald@swpa.gov](mailto:jim.mcdonald@swpa.gov).

**SUPPLEMENTARY INFORMATION:** Rate Order No. SWPA-67, which has been approved and placed into effect on an interim basis, increases the power rate for the Rayburn project pursuant to the following rate schedule:

Rate Schedule SRD-13, Wholesale Rates for Hydro Power and Energy Sold to Sam Rayburn Dam Electric Cooperative, Inc. (Contract No. DE-PM75-92SW00215)

The rate schedule supersedes the existing rate schedule shown below:

Rate Schedule SRD-08, Wholesale Rates for Hydro Power and Energy Sold to Sam Rayburn Dam Electric Cooperative, Inc. (Contract No. DE-PM75-

Southwestern Power Administration's (Southwestern) Administrator has determined, based on the 2013 Rayburn Current Power Repayment Study, that existing rates will not satisfy cost recovery criteria specified in Department of Energy Order No. RA 6120.2 and Section 5 of the Flood Control Act of 1944. The finalized 2013 Rayburn Revised Power Repayment Studies (PRSs) indicate that an increase in annual revenue of \$280,248, or 7.1 percent, beginning October 1, 2013, will satisfy cost recovery criteria for the Rayburn project. The proposed Rayburn rate schedule would increase annual revenues from \$3,949,872 to \$4,230,120, to recover increased U.S. Army Corps of Engineers' (Corps) investments and replacements in the hydroelectric generating facility and increased operations and maintenance costs.

The Administrator has followed Title 10, part 903 subpart A, of the Code of Federal Regulations, "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions" in connection with the proposed rate schedule. On August 6, 2013, Southwestern published notice in the *Federal Register*, (78 FR 47695), of the proposed rate increase for the Rayburn project. Southwestern provided a 30-day comment period as an opportunity for customers and other interested members of the public to review and comment on the proposed rate increase. Southwestern did not hold the combined Public Information and Comment Forum (Forum) because Southwestern did not receive any requests to hold the Forum. One comment was received from Gillis, Borchardt and Barthel, LLP, on behalf of the Sam Rayburn Dam Electric Cooperative, Inc., which stated no objection to the proposed rate adjustment.

Information regarding this rate proposal, including studies and other supporting material,

is available for public review and comment in the offices of Southwestern Power Administration, Williams Center Tower I, One West Third Street, Tulsa, Oklahoma 74103. Following review of Southwestern's proposal within the Department of Energy, I hereby approve Rate Order No. SWPA-67 which increases the existing Sam Rayburn Dam rate to \$4,230,120 per year for the period October 1, 2013 through September 30, 2017. Rate Order No. SWPA-67 will be submitted to FERC for confirmation and approval on a final basis.

The Administrative Procedure Act requires that publication of a substantive rule be made not less than 30 days before its effective date, except, in relevant part, if the agency has good cause to waive the delay requirement (5 U.S.C. 553(d)). Southwestern finds good cause to waive the 30-day delay in effective date, placing the rates in effect on an interim basis starting October 1, 2013, because the current rate is insufficient to recover costs as required by statute; no change to the standard October 1 date of implementation is being made; and no comments were received and no revisions were made to the proposed rates.

Dated: September 30, 2013

Daniel Poneman  
Deputy Secretary

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
DEPUTY SECRETARY OF ENERGY

In the matter of:

Southwestern Power Administration	)	Rate Order
Sam Rayburn Dam Project Rate	)	No. SWPA-67

ORDER CONFIRMING, APPROVING AND PLACING INCREASED  
POWER RATE SCHEDULE IN EFFECT ON AN INTERIM BASIS  
( )

Pursuant to Sections 302(a) and 301(b) of the Department of Energy Organization Act, Public Law 95-91, the functions of the Secretary of the Interior and the Federal Power Commission under Section 5 of the Flood Control Act of 1944, 16 U.S.C. 825s, relating to the Southwestern Power Administration (Southwestern) were transferred to and vested in the Secretary of Energy.

By Delegation Order No. 00-037.00, the Secretary of Energy delegated to the Administrator of Southwestern the authority to develop power and transmission rates, delegated to the Deputy Secretary of the Department of Energy the authority to confirm, approve, and place in effect such rates on an interim basis, and delegated to the Federal Energy Regulatory Commission (FERC) the authority to confirm and approve on a final basis or to disapprove rates developed by the Administrator under the delegation. Pursuant to delegated authority, the Deputy Secretary issued this interim rate order.

**BACKGROUND**

The Sam Rayburn Dam (Rayburn) is located on the Angelina River in the State of Texas in the Neches River Basin. Since the beginning of its operation in 1965, it has been marketed as an isolated project, under contract with Sam Rayburn Dam Electric Cooperative, Inc. (SRDEC) (Contract No. DE-PM75-92SW00215).

FERC confirmation and approval of the current Rayburn rate schedule was provided in

FERC Docket No. EF09-4021-000 issued on March 30, 2009, (126 FERC ¶ 62224) effective for the period January 1, 2009, through September 30, 2012. The rate was extended by the Deputy Secretary of Energy for the period October 1, 2012 through September 30, 2013 (77 FR 67813, November 14, 2012), and FERC was notified of the extension (Docket No. EF13-2-000).

## **DISCUSSION**

Southwestern prepared a 2013 Current Power Repayment Study (PRS) which indicated that the existing rate would not satisfy present financial criteria regarding repayment of investment within a 50-year period due to increased U.S. Army Corps of Engineers (Corps) investments, replacements and operations and maintenance expenses in the hydroelectric generating facilities. The Revised PRS indicated the need for a 7.1 percent revenue increase. These preliminary results, which presented the basis for the proposed revenue increase, were provided to the customers for their review prior to the formal process.

The final 2013 Revised PRS indicates that an increase in annual revenues of \$280,248 (7.1 percent) is necessary beginning October 1, 2013, to accomplish repayment in the required number of years. Accordingly, Southwestern has prepared a proposed rate schedule based on the additional revenue requirement to ensure repayment.

Southwestern conducted the rate adjustment proceeding in accordance with Title 10, part 903, subpart A of the Code of Federal Regulations, "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions." More specifically, opportunities for public review and comment during a 30-day period on the proposed Rayburn power rate were announced by a *Federal Register* notice published on August 6, 2013 (78 FR 47695). The combined Public Information and Comment Forum tentatively scheduled for August 27, 2013, in Tulsa, Oklahoma was not held because Southwestern did not receive any requests to hold such a

forum. Southwestern provided the *Federal Register* notice, together with any requested supporting data, to the customer and interested parties for review and comment during the public comment period.

Southwestern will continue to perform its Power Repayment Studies annually, and if the 2014 results should indicate the need for additional revenues, another rate filing will be conducted and updated revenue requirements implemented for FY 2014 and thereafter.

Following the conclusion of the comment period on September 5, 2013, Southwestern finalized the PRS and rate schedule for the proposed annual rate of \$4,230,120 which is the lowest possible rate needed to satisfy repayment criteria. This rate represents an annual increase of 7.1 percent. The Administrator made the decision to submit the rate proposal for interim approval and implementation.

### **COMMENTS AND RESPONSES**

Southwestern received one comment during the public comment period. That comment expressed no objection to the final proposed rate on behalf of the Sam Rayburn Dam Electric Cooperative, Inc.

### **AVAILABILITY OF INFORMATION**

Information regarding this rate increase, including studies, comments and other supporting material, is available for public review and comment in the offices of Southwestern Power Administration, One West Third Street, Tulsa, OK 74103.

### **ADMINISTRATION'S CERTIFICATION**

The 2013 Rayburn Revised PRS indicates that the increased power rate of \$4,230,120 will repay all costs of the project including amortization of the power investment consistent with the provisions of Department of Energy Order No. RA 6120.2. In accordance with Delegation

Order No. 00-037.00 (December 6, 2001), and Section 5 of the Flood Control Act of 1944, the Administrator has determined that the proposed Rayburn rate is consistent with applicable law and the lowest possible rate consistent with sound business principles.

### **ENVIRONMENT**

The environmental impact of the rate increase proposal was evaluated in consideration of DOE's guidelines for implementing the procedural provisions of the National Environmental Policy Act and was determined to fall within the class of actions that are categorically excluded from the requirements of preparing either an Environmental Impact Statement or an Environmental Assessment.

### **ORDER**

In view of the foregoing and pursuant to the authority delegated to me by the Secretary of Energy, I hereby confirm, approve and place in effect on an interim basis, effective October 1, 2013, through September 30, 2017, the annual Sam Rayburn Dam rate of \$4,230,120 for the sale of power and energy from the Sam Rayburn Dam project to the Sam Rayburn Dam Electric Cooperative Inc., under Contract No. DE-PM75-92SW00215. This rate shall remain in effect on an interim basis through September 30, 2017, or until the FERC confirms and approves the rate on a final basis, or until it is superseded by a subsequent rate.

Dated: September 30, 2013

Daniel Poneman  
Deputy Secretary

**UNITED STATES DEPARTMENT OF ENERGY**  
**SOUTHWESTERN POWER ADMINISTRATION**  
**RATE SCHEDULE SRD-13<sup>1</sup>**  
**WHOLESALE RATES FOR HYDRO POWER AND ENERGY**  
**SOLD TO SAM RAYBURN DAM ELECTRIC COOPERATIVE, INC.**  
**(CONTRACT NO. DE-PM75-92SW00215)**

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<sup>1</sup> Supersedes Rate Schedule SRD-08



**Effective:**

During the period October 1, 2013, through September 30, 2017, in accordance with interim approval from Rate Order No. SWPA-67 issued by the Deputy Secretary of Energy on September 30, 2013 and pursuant to final approval by the Federal Energy Regulatory Commission.

**Applicable:**

To the power and energy purchased by Sam Rayburn Dam Electric Cooperative, Inc., (SRDEC) from the Southwestern Power Administration (Southwestern) under the terms and conditions of the Power Sales Contract dated October 7, 1992, for the sale of all Hydro Power and Energy generated at the Sam Rayburn Dam.

**Character and Conditions of Service:**

Three-phase, alternating current, delivered at approximately 60 Hertz, at the nominal voltage, at the point of delivery, and in such quantities as are specified by contract.

## **1. Wholesale Rates, Terms, and Conditions for Hydro Power and Energy**

- 1.1.** These rates shall be applicable regardless of the quantity of Hydro Power and Energy available or delivered to SRDEC; provided, however, that if an Uncontrollable Force prevents utilization of both of the project's power generating units for an entire billing period, and if during such billing period water releases were being made which otherwise would have been used to generate Hydro Power and Energy, then Southwestern shall, upon request by SRDEC, suspend billing for subsequent billing periods, until such time as at least one of the project's generating units is again available.
- 1.2.** The term "Uncontrollable Force," as used herein, shall mean any force which is not within the control of the party affected, including, but not limited to, failure of water supply, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, riot, civil disturbance, labor disturbance, sabotage, war, acts of war, terrorist acts, or restraint by court of general jurisdiction, which by exercise of due diligence and foresight such party could not reasonably have been expected to avoid.

### **1.3. Hydro Power Rates, Terms, and Conditions**

#### **1.3.1. Monthly Charge for the Period of October 1, 2013 through September 30, 2017**

\$352,510 per month (\$4,230,120 per year) for Sam Rayburn Dam Hydro Power and Energy purchased by SRDEC from October 1, 2013, through September 30, 2017.